

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7545

BILL NUMBER: HB 1763

NOTE PREPARED: Jan 7, 2005

BILL AMENDED:

SUBJECT: Interest Bearing Real Estate Trust Accounts.

FIRST AUTHOR: Rep. GiaQuinta

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill allows a principal broker and a financial institution to establish an interest bearing real estate trust account. It provides that interest generated by an interest bearing real estate trust account must be transferred to the Housing Finance Authority for deposit in the Housing Trust Fund. It also requires a financial institution that offers a real estate trust account to offer an interest bearing real estate trust account.

The bill permits a principal broker to opt out, and specifies that interest generated by an interest bearing real estate trust account is not taxable to the principal broker or to the client. It requires the housing authority to submit an annual report to the Real Estate Commission. It grants immunity from liability to a principal broker and financial institution for transactions involving interest bearing real estate trust accounts. The bill also makes certain information concerning interest bearing real estate trust accounts confidential.

Effective Date: July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues: The bill requires a principal broker who does not opt out of being subject to the provisions of this bill must place all qualified funds in an interest bearing real estate trust account. The bill defines qualified funds as money received by a principal broker from a client for deposit in a trust account. All revenue from the interest generated in the trust accounts is to be deposited in the Housing Trust Fund. The Fund is administered by the Housing Finance Authority and is used to provide financial assistance for rural and urban housing.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Housing Finance Authority.

Local Agencies Affected:

Information Sources:

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